



February 26, 2014

ENGROSSED HOUSE BILL No. 1046

DIGEST OF HB 1046 (Updated February 25, 2014 10:34 am - DI 58)

Citations Affected: IC 6-1.1.

Synopsis: Property tax deduction. Permits a person to receive a 100% property tax deduction against the assessed value of certain heritage barns.

Effective: July 1, 2014.

**Cherry, Thompson, Clere, Turner,
Beumer, Gutwein, Smith M, Lehe,
Mayfield, VanNatter, Koch, Friend,
Messmer, Negele, Heaton, Ubelhor,
Richardson, Huston, DeLaney,
Battles, Frye R, Klinker**

(SENATE SPONSORS — WATERMAN, HERSHMAN, STEELE)

January 7, 2014, read first time and referred to Committee on Ways and Means.
January 28, 2014, amended, reported — Do Pass.
January 30, 2014, read second time, amended, ordered engrossed.
January 31, 2014, engrossed.
February 3, 2014, read third time, passed. Yeas 91, nays 2.

SENATE ACTION

February 10, 2014, read first time and referred to Committee on Tax and Fiscal Policy.
February 25, 2014, amended, reported favorably — Do Pass.

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February 26, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1046

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-12-26.2 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2014]: **Sec. 26.2. (a) The following definitions**
4 **apply throughout this section:**

5 (1) "Barn" means a building (other than a dwelling) that was
6 designed to be used for:

7 (A) housing animals;

8 (B) storing or processing crops;

9 (C) storing and maintaining agricultural equipment; or

10 (D) serving an essential or useful purpose related to
11 agricultural activities conducted on the adjacent land.

12 (2) "Eligible heritage barn" means a barn that:

13 (A) was constructed before 1950; and

14 (B) is in a state of disrepair and not being used as a barn
15 on the assessment date but retains sufficient integrity of
16 design, materials, and construction to clearly identify the

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building as a barn.

(3) "Eligible applicant" means:

(A) an owner of an eligible heritage barn; or

(B) a person that is purchasing property, including an eligible heritage barn, under a contract that:

(i) gives the person a right to obtain title to the property upon fulfilling the terms of the contract;

(ii) does not permit the owner to terminate the contract as long as the person buying the property complies with the terms of the contract;

(iii) specifies that during the term of the contract the person must pay the property taxes on the property; and

(iv) has been recorded with the county recorder.

(b) An eligible applicant is entitled to a deduction against the assessed value of the structure and foundation of an eligible heritage barn beginning with assessments after 2014. The deduction is equal to one hundred percent (100%) of the assessed value of the structure and foundation of the eligible heritage barn.

(c) An eligible applicant that desires to obtain the deduction provided by this section must file a certified deduction application with the auditor of the county in which the eligible heritage barn is located. The application may be filed in person or by mail. The application must contain the information and be in the form prescribed by the department of local government finance. If mailed, the mailing must be postmarked on or before the last day for filing.

(d) Subject to subsection (e) and section 45 of this chapter, the application must be filed during the year preceding the year in which the deduction will first be applied. Upon verification of the application by the county assessor of the county in which the property is subject to assessment or by the township assessor of the township in which the property is subject to assessment (if there is a township assessor for the township), the auditor of the county shall allow the deduction.

(e) The auditor of a county shall, in a particular year, apply the deduction provided under this section to the eligible heritage barn of the owner that received the deduction in the preceding year unless the auditor of the county determines that the property is no longer eligible for the deduction. A person that receives a deduction under this section in a particular year and that remains eligible for the deduction in the following year is not required to file an application for the deduction in the following year. A person



1 that receives a deduction under this section in a particular year
2 and that becomes ineligible for the deduction in the following year
3 shall notify the auditor of the county in which the property is
4 located of the ineligibility in the year in which the person becomes
5 ineligible. A deduction under this section terminates following a
6 change in ownership of the eligible historic barn. However, a
7 deduction under this section does not terminate following the
8 removal of less than all the joint owners of property or purchasers
9 of property under a contract described in subsection (a).



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1046, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 16, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-12-25.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 25.2. (a) This section applies in a county in which an ordinance adopted under subsection (c) is in effect in the county for assessment dates occurring:**

- (1) after the date on which the county fiscal body adopts an ordinance under subsection (c); and**
- (2) before the date on which the county fiscal body rescinds an ordinance previously adopted under subsection (c).**

(b) The following definitions apply throughout this section:

(1) "Eligible applicant" means:

- (A) an owner of an eligible mortise and tenon barn; or**
- (B) a person that is purchasing property, including an eligible mortise and tenon barn, under a contract that:**
 - (i) gives the person a right to obtain title to the property upon fulfilling the terms of the contract;**
 - (ii) does not permit the owner to terminate the contract as long as the person buying the property complies with the terms of the contract;**
 - (iii) specifies that during the term of the contract the person must pay the property taxes on the property; and**
 - (iv) has been recorded with the county recorder.**

(2) "Eligible mortise and tenon barn" means a barn that:

- (A) is located in a county to which this section applies;**
- (B) was built using heavy wooden timbers, joined together with wood-pegged mortise and tenon joinery, that form an exposed structural frame;**
- (C) was originally placed in service for an agricultural purpose before 1936; and**
- (D) has, on an assessment date, substantially the same size, design, and construction as the original structure.**

(c) A county fiscal body may adopt an ordinance to provide a deduction against the assessed value of eligible mortise and tenon barns in the county in accordance with this section. If a county fiscal body adopts an ordinance under this subsection, the county fiscal body shall furnish a copy of the ordinance to the department



in the manner prescribed by the department.

(d) An ordinance adopted under subsection (c) may require an eligible applicant to pay an annual public safety fee in an amount that:

- (1) equals or exceeds one hundred dollars (\$100); and
- (2) does not exceed five hundred dollars (\$500);

for each eligible mortise and tenon barn for which the eligible applicant receives a deduction under this section. The county auditor shall distribute any public safety fees collected under this section equitably among the police and fire departments in whose territories each eligible mortise and tenon barn is located.

(e) An eligible applicant is entitled to a deduction against the assessed value of the structure and foundation of an eligible mortise and tenon barn for assessments to which this section applies. The deduction is equal to one hundred percent (100%) of the assessed value of the structure and foundation of the eligible mortise and tenon barn.

(f) An eligible applicant that desires to obtain the deduction provided by this section must file a certified deduction application with the auditor of the county in which the eligible mortise and tenon barn is located. The application may be filed in person or by mail. The application must contain the information and be in the form prescribed by the department of local government finance. If mailed, the mailing must be postmarked on or before the last day for filing.

(g) Subject to subsection (h) and section 45 of this chapter, the application must be filed during the year preceding the year in which the deduction will first be applied. Upon verification of the application by the county assessor of the county in which the property is subject to assessment or by the township assessor of the township in which the property is subject to assessment (if there is a township assessor for the township), the auditor of the county shall allow the deduction.

(h) The auditor of a county to which this section applies shall, in a particular year, apply the deduction provided under this section to the eligible mortise and tenon barn of the owner that received the deduction in the preceding year unless the auditor of the county determines that the property is no longer eligible for the deduction. A person that receives a deduction under this section in a particular year and that remains eligible for the deduction in the following year is not required to file an application for the deduction in the following year. A person that received a deduction



under this section in a particular year and that becomes ineligible for the deduction in the following year shall notify the auditor of the county in which the property is located of the ineligibility in the year in which the person becomes ineligible. A deduction under this section terminates following a change in ownership of the eligible mortise and tenon barn. However, a deduction under this section does not terminate following the removal of less than all the joint owners of the property or purchasers of the property under a contract described in subsection (b)."

Delete page 2.

Page 3, delete lines 1 through 5.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1046 as introduced.)

BROWN T, Chair

Committee Vote: yeas 15, nays 2.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1046 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-29-3-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 1.5. As used in this chapter, "mortise and tenon barn" means a barn that:**

- (1) was built using heavy wooden timbers, joined together with wood-pegged mortise and tenon joinery, that form an exposed structural frame;**
- (2) was originally placed in service for an agricultural purpose before 1936; and**
- (3) has substantially the same size, design, and construction as the original structure.**

SECTION 2. IC 5-29-3-4, AS ADDED BY P.L.229-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. (a) The tourism information and promotion fund is established within the state treasury. The fund shall be used for the purposes of this chapter.

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(b) The fund consists of appropriations from the general assembly and gifts, donations, bequests, devises, and contributions received by the office.

(c) The office shall administer the fund. The following may be paid from money in the fund:

- (1) Grants.
- (2) Expenses of administering the fund.
- (3) Nonrecurring administrative expenses incurred to carry out the purposes of this chapter.
- (4) Expenses incurred to promote mortise and tenon barns under section 9 of this chapter.**

(d) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

SECTION 3. IC 5-29-3-9 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2014]: **Sec. 9. Before July 1, 2015, the office shall, using only the resources available to the office under P.L.205-2013 and this chapter, develop print and electronic media promoting tourism, visitation, and other hospitality opportunities that feature mortise and tenon barns located in Indiana."**

Renumber all SECTIONS consecutively.

(Reference is to HB 1046 as printed January 28, 2014.)

PORTER

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1046, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 16, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-12-26.2 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2014]: **Sec. 26.2. (a) The following definitions apply throughout this section:**

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(1) "Barn" means a building (other than a dwelling) that was designed to be used for:

- (A) housing animals;**
- (B) storing or processing crops;**
- (C) storing and maintaining agricultural equipment; or**
- (D) serving an essential or useful purpose related to agricultural activities conducted on the adjacent land.**

(2) "Eligible heritage barn" means a barn that:

- (A) was constructed before 1950; and**
- (B) is in a state of disrepair and not being used as a barn on the assessment date but retains sufficient integrity of design, materials, and construction to clearly identify the building as a barn.**

(3) "Eligible applicant" means:

- (A) an owner of an eligible heritage barn; or**
- (B) a person that is purchasing property, including an eligible heritage barn, under a contract that:**
 - (i) gives the person a right to obtain title to the property upon fulfilling the terms of the contract;**
 - (ii) does not permit the owner to terminate the contract as long as the person buying the property complies with the terms of the contract;**
 - (iii) specifies that during the term of the contract the person must pay the property taxes on the property; and**
 - (iv) has been recorded with the county recorder.**

(b) An eligible applicant is entitled to a deduction against the assessed value of the structure and foundation of an eligible heritage barn beginning with assessments after 2014. The deduction is equal to one hundred percent (100%) of the assessed value of the structure and foundation of the eligible heritage barn.

(c) An eligible applicant that desires to obtain the deduction provided by this section must file a certified deduction application with the auditor of the county in which the eligible heritage barn is located. The application may be filed in person or by mail. The application must contain the information and be in the form prescribed by the department of local government finance. If mailed, the mailing must be postmarked on or before the last day for filing.

(d) Subject to subsection (e) and section 45 of this chapter, the application must be filed during the year preceding the year in which the deduction will first be applied. Upon verification of the application by the county assessor of the county in which the



property is subject to assessment or by the township assessor of the township in which the property is subject to assessment (if there is a township assessor for the township), the auditor of the county shall allow the deduction.

(e) The auditor of a county shall, in a particular year, apply the deduction provided under this section to the eligible heritage barn of the owner that received the deduction in the preceding year unless the auditor of the county determines that the property is no longer eligible for the deduction. A person that receives a deduction under this section in a particular year and that remains eligible for the deduction in the following year is not required to file an application for the deduction in the following year. A person that receives a deduction under this section in a particular year and that becomes ineligible for the deduction in the following year shall notify the auditor of the county in which the property is located of the ineligibility in the year in which the person becomes ineligible. A deduction under this section terminates following a change in ownership of the eligible historic barn. However, a deduction under this section does not terminate following the removal of less than all the joint owners of property or purchasers of property under a contract described in subsection (a)."

Delete pages 2 through 4.

and when so amended that said bill do pass.

(Reference is to HB 1046 as reprinted January 31, 2014.)

HERSHMAN, Chairperson

Committee Vote: Yeas 10, Nays 0.

